

Chapter Planning Guide

20

Key to Ability Levels

BL Below level

OL On level

AL Above level

ELL English
Language Learners

Key to Teaching Resources



Print Material



DVD



CD-ROM



Transparency

Levels				Resources		Chapter Opener	Section 1	Section 2	Section 3	Section 4	Chapter Assess
BL	OL	AL	ELL								
					FOCUS						
BL	OL	AL	ELL		Daily Focus Skills Transparencies		20-1	20-2	20-3	20-4	
					TEACH						
BL	OL		ELL		Reading Essentials and Note-Taking Guide*		p. 183	p. 186	p. 189	p. 192	
BL	OL	AL	ELL		Content Vocabulary Activity, URB*	p. 65	p. 65	p. 65	p. 65	p. 65	
BL	OL	AL	ELL		Academic Vocabulary Activity, URB	p. 67	p. 67	p. 67	p. 67	p. 67	
	OL				Biography Activity, URB			p. 69			
BL	OL	AL	ELL		Writing Skills Activity, URB		p. 71	p. 71			
	OL	AL			Critical Thinking Skills Activity, URB				p. 73		
BL	OL	AL	ELL		Chart, Graph, and Map Skills Activity, URB				p. 75		
BL	OL	AL	ELL		Differentiated Instruction, URB			p. 77			
BL	OL	AL	ELL		School-to-Home Connection Activity, URB*	p. 79	p. 79	p. 79	p. 79	p. 79	
BL	OL		ELL		Guided Reading Activities, URB*		p. 83	p. 84	p. 85	p. 86	
BL	OL	AL	ELL		Writer's Guidebook	✓	✓	✓	✓	✓	✓
	OL	AL			Primary Source Document Library CD-ROM	✓	✓	✓	✓	✓	✓
BL	OL	AL	ELL		Vocabulary PuzzleMaker CD-ROM	✓	✓	✓	✓	✓	✓
BL	OL	AL	ELL		Daily Lecture & Discussion Notes (in Pres. Plus)		✓	✓	✓	✓	✓
BL	OL	AL	ELL		StudentWorks™ Plus DVD		✓	✓	✓	✓	✓
BL	OL	AL	ELL		Section Video Program		✓	✓	✓	✓	
BL	OL	AL	ELL		TIME Interpreting Political Cartoons Transp.			Ch. 20			
BL	OL	AL	ELL		Writing Process Transparencies	✓	✓	✓	✓	✓	✓

Note: Please refer to the *Unit Resource Book: The Economy and the Individual* for this chapter's URB materials.

* Also available in Spanish



- Interactive Lesson Planner
- Interactive Teacher Edition
- Fully editable blackline masters
- Section Spotlight Videos Launch
- Differentiated Lesson Plans
- Printable reports of daily assignments
- Standards Tracking System

Levels				Resources		Chapter Opener	Section 1	Section 2	Section 3	Section 4	Chapter Assess
BL	OL	AL	ELL								
					TEACH <i>(continued)</i>						
Teacher Resources					Building Academic Vocabulary	✓	✓	✓	✓	✓	✓
					Strategies for Success	✓	✓	✓	✓	✓	✓
					Teacher's Guide to Differentiated Instruction	✓	✓	✓	✓	✓	✓
					Graph Tool CD-ROM	✓	✓	✓	✓	✓	✓
					Presentation Plus! DVD	✓	✓	✓	✓	✓	✓
					ASSESS						
BL	OL	AL	ELL		Quizzes and Tests*		p. 236	p. 237	p. 238	p. 239	p. 240
BL	OL	AL	ELL		Authentic Assessment with Rubrics				p. 24		
BL	OL	AL	ELL		Standardized Test Practice		p. 39	p. 39	p. 39	p. 39	p. 39
BL	OL	AL	ELL		ExamView® Assessment Suite CD-ROM		20–1	20–2	20–3	20–4	Ch. 20
BL	OL	AL	ELL		Interactive Tutor Self-Assessment CD-ROM	✓	✓	✓	✓	✓	✓
					CLOSE						
BL			ELL		Reteaching Activity, URB*		p. 81	p. 81	p. 81	p. 81	
BL	OL		ELL		Reading and Study Skills Foldables™ Activity	p. 88	p. 89	p. 89			
BL	OL	AL	ELL		Civics Today in Graphic Novel	p. 77		p. 77			
BL	OL	AL	ELL		Graphic Organizer Transparencies & Strategies	✓	✓	✓	✓	✓	✓

Interpreting Maps

Technology Product

Glencoe's *Skillbuilder Interactive Workbook CD-ROM* provides self-paced instruction, practice, and assessment of key skills your students need in social studies, including interpreting maps. *The Skillbuilder Interactive Workbook*

- lets students learn, practice, and assess their knowledge of social studies skills;
- lists key terms and a glossary where appropriate;
- includes a **Management System** to create class rosters and monitor student progress.

Objectives

The *Skillbuilder Interactive Workbook* help students

- learn and practice reading maps;
- identify areas for reinforcement.

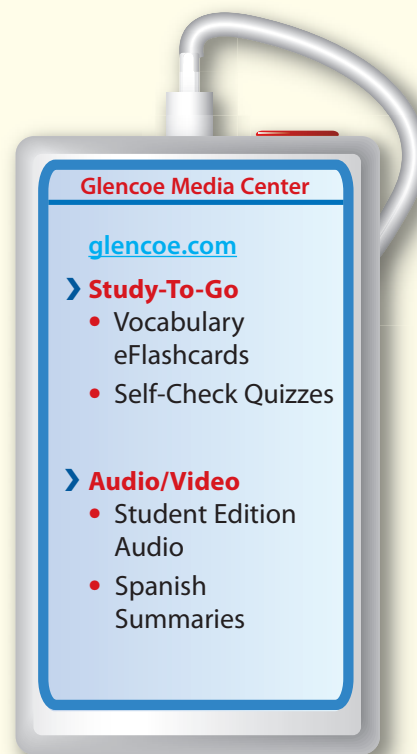
Steps

Provide students with the following information:

- Select **Interpreting Maps** from the Main Menu page. Then select one of the options.
- The **Instruction** option on the Activities page provides a step-by-step tutorial to learn the skill being taught, along with an audio component.
- The **Guided Practice** section presents comprehension questions to review the material covered in the Instruction section. Questions include multiple choice, true/false, fill-in-the-blank, and drag-and-drop types.
- The **Assessment** section includes 10 questions that test student mastery of skill.
- Have students complete the activity and use the Management System to monitor their progress.



	Student	Teacher	Parent
Beyond the Textbook	•	•	•
Chapter Overviews	•	•	•
Concepts in Motion	•		•
ePuzzles and Games	•		•
Glencoe Teaching Today		•	
Literature Connections		•	
Multi-Language Glossaries	•		•
Online Student Edition	•	•	•
Section Videos	•	•	•
Self-Check Quizzes	•		•
Student Web Activities	•		•
Study Central™	•		•
TIME Current Events	•		•
Vocabulary eFlashcards	•		•
Web Activity Lesson Plans		•	



Reading List Generator CD-ROM

GLENCOE BOOKLINK 3

Use this database to search more than 30,000 titles to create a customized reading list for your students.

- Reading lists can be organized by students' reading level, author, genre, theme, or area of interest.
- The database provides Degrees of Reading Power™ (DRP) and Lexile™ readability scores for all selections.
- A brief summary of each selection is included.

Leveled reading suggestions for this chapter:

For students at a Grade 7 reading level:

- *Earning Money*, by Stuart Schwartz and Craig Conley

For students at a Grade 8 reading level:

- *Brother, Can You Spare a Dime?: The Great Depression, 1929–1933*, by Milton Meltzer

For students at a Grade 9 reading level:

- *Nickel and Dime: On (Not) Getting By in America*, by Barbara Ehrenreich

For students at a Grade 10 reading level:

- *A Woman Unafraid: The Achievements of Frances Perkins*, by Penny Colman

For students at a Grade 11 reading level:

- *Influential Economists*, by Marie Bussing-Burks

READING SUPPORT FROM JAMESTOWN EDUCATION

- **Timed Readings Plus in Social Studies** helps students increase their reading rate and fluency while maintaining comprehension. The 400-word passages are similar to those found on state and national assessments.
- **Reading in the Content Area: Social Studies** concentrates on six essential reading skills that help students better comprehend what they read. The book includes 75 high-interest nonfiction passages written at increasing levels of difficulty.
- **Reading Social Studies** includes strategic reading instruction and vocabulary support in Social Studies content for both ELLs and native speakers of English.
- **Content Vocabulary Workout** (Grades 6–8) accelerates reading comprehension through focused vocabulary development. Social Studies content vocabulary comes from the glossaries of Glencoe's Middle School Social Studies texts. www.jamestowneducation.com

KEY Teacher Wraparound

Use this key to help you identify the different types of prompts found in the Teacher Wraparound Edition.

R **Reading Strategies** activities help you teach reading skills and vocabulary.

C **Critical Thinking** strategies help students apply and extend what they have learned.

D **Differentiated Instruction** activities provide instruction for students learning to speak English, along with suggestions for teaching various types of learners.

S **Skill Practice** strategies help students practice historical analysis and geography skills.

W **Writing Support** activities provide writing opportunities to help students comprehend the text.

Teaching strategies and activities have been coded for ability level appropriateness.

AL Activities for students working above grade level

OL Activities for students working on grade level

BL Activities for students working below grade level

ELL Activities for English Language Learners

Focus

Why It Matters

Ask: Why is it important for you to make rational buying decisions?

(Answers may include the idea that if you do not use your money wisely, you will not be able to buy the things you need and to achieve your goals.)

More About the Photo

Visual Literacy Being able to take a vacation is one of the rewards of knowing how to manage personal finances. Camping is a vacation bargain, which may explain why 28 percent of the population went camping in a recent year. Escaping into luxury is not everyone's idea of a dream vacation. Interest in taking a volunteer or service-based vacation is growing, especially among those who are 35–54 years old. Taking an eco-vacation is also a growing trend being catered to by eco-resorts that buy electricity from wind farms, that serve locally grown food, and that recycle waste. It is not only the kind of vacation you take but where you take it that determines its effect on your budget. The American Automobile Association recently reported that North Dakota, Nebraska, Kansas, Iowa, and Oklahoma had the lowest rates for food and lodging, whereas Hawaii had the highest.

Teach

BIG Ideas As you begin teaching each section, use these questions and activities to help students focus on the Big Ideas.

Section 1

Managing Your Money **Ask:** As a consumer, what should you know before you buy something? (Answers may include knowledge about a product, whether you need it, whether you can afford it, and if you can return or exchange it.) Tell students that in Section 1 they will

Personal Finance and Economics



Why It Matters

Whatever goals or dreams you may have, the way you live your life will be determined, at least in part, by your relationship to money: how you get it and how you use it. The opportunities you create for yourself are greatly affected by the money habits you form when you are young. **Why is it important for you to make rational buying decisions?**

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learn about consumer rights, buying strategies, and how to report a faulty product or service. **OL**

Section 2

Planning and Budgeting **Ask:** How does having a budget help you control your money? (Having a budget shows you exactly how you are spending your money, including your credit card expenses.) Explain that in this section students will learn how to make a budget and how to use credit cards. **OL**

BIG Ideas

Section 1: Managing Your Money

You and everyone around you are consumers and, as such, play an important role in the economic system. As a consumer and a citizen, you will make many economic decisions every day.

Section 2: Planning and Budgeting

We all make economic choices. Opportunity cost, scarcity, and supply and demand influence the decisions we make. Following a budget can be valuable to you.

Section 3: Saving and Investing

We all make economic choices. Opportunity cost, scarcity, and supply and demand influence the decisions we make. It is important for financial security to start the habit of saving.

Section 4: Achieving Your Financial Goals

We all make economic choices. Opportunity cost, scarcity, and supply and demand influence the decisions we make. Our personal interests, wants, and abilities affect our career choices.

FOLDABLES[™] Study Organizer

Dinah Zike's Foldables

Purpose This Foldable guides the students to compare the rights and responsibilities of consumers. The completed Foldable will use tabs to help them compare various consumers' rights versus responsibilities. **OL**

More Foldables activities for this chapter can be found in the *Dinah Zike's Reading and Study Skills Foldables* ancillary.

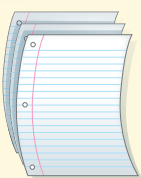
Civics ONLINE

Introduce students to chapter content and key terms by having them access the **Chapter Overview** at glencoe.com.

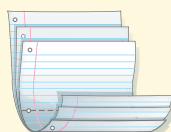
FOLDABLES[™] Study Organizer

Comparing Information Study Foldable Make the following Foldable to help you compare the rights and responsibilities of consumers with regards to their personal finances.

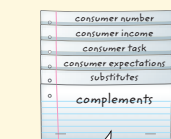
Step 1 Lay three sheets of paper on top of one another, about one inch apart at the top.



Step 2 Fold up the bottom edges of the paper to form 6 tabs.



Step 3 When the tabs are all the same size, crease the paper to hold the tabs in place and staple the sheets together. Label the Tabs as shown.



Staple together along the fold.

Reading and Writing

As you read the chapter, organize information about the different forces that affect the impact of demand on the economy. Write facts under each appropriate tab.

Section 3

Saving and Investing **Ask:** *Why should you save? Where can you invest your savings?* (Answers may include savings are for a large purchase or for an emergency. Savings may be invested in savings accounts, certificates of deposit, money market funds, stocks, bonds, and mutual funds.) Explain that this section discusses savings plans and options for investing. **OL**

Section 4

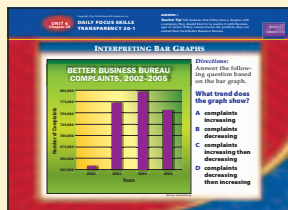
Achieving Your Financial Goals **Ask:** *Why is impulse buying unwise?* (Answers may include that buying on impulse can result in your buying products you do not need.) Tell students that this section deals with how to control impulse buying. **OL**

Focus



Bellringer

Daily Focus Transparency 20-1



Guide to Reading

Answers to Graphic:



Section Spotlight Video

To learn more about managing your money, have students watch the Section Spotlight Video for this section.

Resource Manager

Guide to Reading

Big Idea

You and everyone around you are consumers and, as such, play an important role in the economic system.

Content Vocabulary

- consumer (p. 539)
- disposable income (p. 539)
- discretionary income (p. 539)
- consumerism (p. 540)
- comparison shopping (p. 541)
- warranty (p. 542)

Academic Vocabulary

- reject (p. 539)
- alternative (p. 541)

Reading Strategy

Identifying As you read, create a diagram like the one below to list your rights as a consumer.



Managing Your Money

Real World Economics Do you make smart decisions when you shop? Making the best use of your money is a skill you can learn and practice throughout your life. Food shopping is a prime example of a way to shop economically. This young woman is looking at two different brands of cereal. This strategy, called comparison shopping, can help a consumer find the best product for the price. As it becomes more difficult for families to meet their basic budgetary needs, smart shopping techniques become more necessary to stretch the family dollar.

▼ Comparing prices can help you find the best buy



R Reading Strategies	C Critical Thinking	D Differentiated Instruction	W Writing Support	S Skill Practice
Teacher Edition <ul style="list-style-type: none"> • Using Context Clues, p. 541 • Summarizing, p. 543 Additional Resources <ul style="list-style-type: none"> • Cont. Vocab., URB p. 65 • Guid. Read., URB p. 83 • RENTG, p. 183 • Foldables, p. 89 	Teacher Edition <ul style="list-style-type: none"> • Contrasting, p. 539 • Analyzing Info., p. 539 • Comparing, p. 541 • Drawing Con., p. 541 Additional Resources <ul style="list-style-type: none"> • Quizzes and Tests, p. 236 	Teacher Edition <ul style="list-style-type: none"> • English Learners, p. 540 Additional Resources <ul style="list-style-type: none"> • Reteach. Act., URB p. 81 	Teacher Edition <ul style="list-style-type: none"> • Expository Writing, p. 543 Additional Resources <ul style="list-style-type: none"> • Writing Skills Act., URB p. 71 	Teacher Edition <ul style="list-style-type: none"> • Using Research Skills, p. 542 Additional Resources <ul style="list-style-type: none"> • Daily Focus Trans., 20-1

Teach

C₁ Critical Thinking

Contrasting Ask: **What is the difference between disposable income and discretionary income?** (*Disposable income is what is left after taxes have been paid. It is used to buy necessities. Discretionary income is what is left after paying for necessities. It is used to buy items and services that people want but that are not necessities.*) **OL**

C₂ Critical Thinking

Analyzing Information Pair students who are working below grade level with those who are at grade level or above. Have them take turns naming a product or service and deciding if it would be bought with disposable or discretionary income. (*Students should recognize that necessary items and services are bought with disposable income and nonessentials are bought with discretionary income.*) **BL**

Caption Answer:

Its purpose is to help protect consumer rights in regard to product safety, truth in advertising and labeling, product choice, consumer legislation, and obtaining redress for faulty products.

Hands-On Chapter Project Step 1

Investing in Stocks

Step 1: Researching Stocks Students will use Internet and media resources to research stocks in order to recommend two stocks to their groups, a mock stock-investment club.

Directions Have students work in five groups. Explain that each group will act as a

stock-investment club that has \$10,000 to invest in five stocks. Club members will then choose two stocks to recommend to the club.

Have groups plan how to conduct their research so that members do not research the same stock. For example, they might agree in advance on which stocks each will investigate; or they might decide to have

each person research stocks in one sector, such as energy. Each group will use the research to choose two stocks to present to the club for its consideration.

Summarizing Ask representatives from each group to explain its research plan and to share ideas on where to find information on stocks. **OL**

(Project continued in Section 2)



Right to a Safe Product A new worker gets on-the-job training at a California restaurant. Restaurants must meet standards of cleanliness and quality assurance for the protection of their clientele. **Analyzing** **What is the purpose of the Consumer Bill of Rights?**

Consumer Rights

Main Idea To make good economic decisions as consumers, we need to be aware of our rights and responsibilities.

Economics & You Have you ever bought a product or service that did not work the way it was advertised? What did you do? Read to find out more about your rights as a consumer.

The American free enterprise system gives numerous economic rights and protections to individuals such as you, your teachers, your relatives, and your friends. You have the right to enter into just about any profession or business in which you are interested. You have the right to buy the products and brands that you like and to **reject**, or pass on, others. As a **consumer**, or someone who buys a product or service, you also have responsibilities.

Two Types of Income

One of your fundamental rights as a consumer is to spend the money you earn as you wish. Your role as a consumer depends on your available income and how much of it you choose to spend or save. There are two basic types of income: disposable income and discretionary income.

Disposable income is the money that remains after all taxes on it have been paid. People spend their disposable income on many kinds of goods and services. First, they usually buy necessities, such as food, clothing, and housing.

Discretionary income is the money remaining after paying for necessities. Discretionary income can be used to satisfy wants, including luxury items and savings accounts. Regardless of the size of a person's income, spending one's income requires, or needs, constant decision making. As a consumer, each person has choices to make.

D Differentiated Instruction

English Learners Pair ELL students with student helpers that are proficient in English. Have the helpers work with their ELL partners to paraphrase the information in Protecting Consumer Rights. Suggest that they proceed a sentence at a time. Before they begin, make sure they understand the meaning of the word “paraphrase.” **Ask:** How might you paraphrase the first sentence? (Answers will vary. For example: The Latin phrase *Caveat emptor*, “let the buyer beware,” sums up the rights of consumers throughout much of history.) **ELL**

Caption Answer:

It aids consumers in comparing products; the list of ingredients on the label helps those who have allergies, and the expiration date indicates product safety.

Reading Check **Answer:** to provide information about local businesses and warn consumers about dishonest businesses

Differentiated Instruction

Protecting Consumer Rights

Throughout much of history, consumer rights could be summed up in one Latin phrase: *caveat emptor*, or “let the buyer beware.” In this section, you will learn how **consumerism**—a movement to educate buyers about the purchases they make and to demand better and safer products from manufacturers—affects you personally.

Over the years, Congress has passed a number of laws to protect consumer rights. Many of the laws involve labeling. For example, the Fair Packaging and Labeling Act requires every package to have a label identifying its contents and its weight. The Food, Drug, and Cosmetic Act requires packages to list their ingredients according to the amount of each. Other laws protect consumers’ health and safety. An early example is the Pure Food and Drug Act, passed in

Food Labels The U.S. Food and Drug Administration requires packaged foods to display labels giving key information about their contents. **Explaining How** does this information help consumers?



1906. It requires manufacturers of foods, cosmetics, and drugs to prove that their products are safe.

Many private groups and organizations have taken on the task of protecting individual consumers. One of the oldest groups is the Better Business Bureau (BBB). In 2005, there were more than 120 Better Business Bureaus located in principal cities in the United States. Surprisingly, business groups rather than consumers run these organizations. These businesspeople recognize that the key to success lies in earning the trust of their customers. They provide information about local businesses and warn consumers about dishonest business practices. They also investigate consumer complaints.

Consumer Bill of Rights

In the 1960s, a special effort was made to help consumers. President John F. Kennedy and, later, President Richard Nixon emphasized five consumer rights:

1. Consumers have the *right to a safe product*, one that will not harm their health or lives.
2. Consumers have the *right to be informed* for protection against fraudulent, deceitful, or grossly misleading information, advertising, labeling, or other practices, and to be given the facts necessary for making informed choices.
3. Consumers have the *right to choose* to have available a variety of products and services at competitive prices.
4. Consumers have the *right to be heard*—the guarantee that consumer interests will be listened to when laws are being written.
5. Consumers have the *right to redress*—the ability to obtain from the manufacturer adequate payment if a product causes financial or physical damage.

Reading Check **Summarizing** What is the purpose of the Better Business Bureau?

WRITING SKILLS ACTIVITY 20

Anticipating and Answering Readers' Concerns

Learning the Skill

When trying to persuade others to agree with you, to give you permission, or to change their position, you need to anticipate their concerns or objections. Anticipating, you can respond to their questions. For example, if you are trying to persuade your friend to get a job, you can anticipate that they will have questions about how you intend to keep up your grades or continue your extracurricular activities. You might answer them that you are looking for a part-time job that would allow time for homework and extracurricular activities. Now writing may also be essential in having others agree with you for spending and saving the money that you earn. In anticipation of these concerns, you may want to prepare a personal budget to share with them.

Use the following steps to create a personal budget:

- Record your monthly income.
- List your monthly expenses, or necessary costs.
- List any debts, or money you owe others, that you have.
- List future expenses, such as college tuition, that may require you to save money now.

Practicing the Skill

Directions: Use the chart below to prepare a personal budget. Note that your savings should represent between one and five percent of your income.

Monthly Income			
Expense Categories	Monthly Expense Amounts	Debts	Future Expenses
Car Insurance			
Cell			
Clothing			
Entertainment			
Extracurricular activities			
Food			
Other			
Savings			
Total			

Writing Skills Activity 20, URB pp. 71–72

Anticipating and Answering Readers' Concerns

- Objective:** To write a monthly personal budget
- Focus:** Students use a chart to prepare a personal monthly budget.
- Teach:** Discuss the expenses listed.
- Assess:** Check that students have followed directions to write a budget.
- Close:** Have students discuss the benefits of preparing a personal budget.

Differentiated Instruction Strategies

- BL** What questions might your family ask if you said you wanted to get a job?
- AL** Explain how you could use a budget to convince others that you would spend your job income wisely.
- ELL** Tell how preparing a budget can help save money.

S Skill Practice

Using Research Skills Ask: **If you need to report a defective product, how would you find the manufacturer's phone number and address?** (Answers may include looking at the product brochure or doing a search on the Internet for the manufacturer's Web site.) **OL**

Caption Answer:

Answers will vary. Students may suggest that you are not able to examine or try the product.

✓ Reading Check **Answer:** A warranty is a written guarantee from a manufacturer that it will repair or replace a product within a certain time of its purchase. It assures customers that the manufacturer stands behind the product.

Civics ONLINE

Objectives and answers to the **Student Web Activity** can be found at glencoe.com under the Web Activity Lesson Plan for this chapter.

Additional Support

Teacher Tip

Before students begin their research on competing products, have them examine advertisements to see how they present product specifications.

Reporting a Faulty Product If you purchase a faulty product or service, you should do the following:

- Report the problem immediately.
- Do not try to fix a product yourself; home repair may cancel the **warranty**, the promise of a manufacturer or a seller to repair or replace a faulty product within a certain time period.
- Contact the seller or manufacturer, state the problem, and suggest a fair solution.
- Keep an accurate record of your efforts to get the problem solved. Include the names of the people you speak or write to.

Making Purchases Shopping online or by telephone saves time. **Evaluating** **What do you think is the main disadvantage of shopping from home?**

- Allow each person reasonable time, such as three weeks, to solve the problem before contacting another source.
- If you need to contact the manufacturer in writing, type your letter or send an e-mail directly.
- Keep a copy of all communications.
- Keep your composure. The person who will help you solve your problem is probably not responsible for the problem.

Making Fair Complaints Another responsibility of consumers is to exhibit ethical behavior by respecting the rights of producers and sellers. For example, a responsible consumer does not try to return a used item because it has been advertised elsewhere for a lower price or claim it is faulty if he or she has broken it.

Buyers feel they have a right to expect honesty from sellers. In turn, sellers feel they have a right to expect honesty from buyers. For example, suppose you purchase a DVD player from a store but drop it on the way to your house. Because you dropped it, it does not play as well as it would have. You could, of course, go back to the store and tell the seller that the DVD player you bought does not work properly—without mentioning the fact that you dropped it—but that would be dishonest. You have a responsibility when making a complaint to provide the seller with the whole truth as you know it.

Seeking Help If you have a complaint that you cannot settle with the seller, you have a responsibility to report this fact to the appropriate government agency. Remember, as a consumer, you have the right to voice your complaints, and you also have a responsibility to exercise your rights.

✓ Reading Check **Explaining** What is a warranty and why is it important to consumers?

Civics ONLINE

Student Web Activity Visit glencoe.com and complete the Chapter 20 Web Activity.



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Activity: Collaborative Learning

Comparing and Contrasting Ask: **What should you consider when you compare two competing products?** (examples: price, quality, reliability, and warranty) Organize the class into small groups, and have each group select a product and compare two competing brands. Ask them to research each brand's specifications and to record

their findings on a chart, listing the brands on the left to form two rows and the specifications across the top to form columns. They then record each product's specifications in the appropriate spaces on its row. Thus, if the first column is "Price," they would record the price for each brand in the first space on its row. **OL**

Making Buying Decisions

Main Idea Buying a product or service costs more than money; it also costs the time it takes to make the purchase and the opportunity cost of not buying something else.

Economics & You How do you make the decision about whether to buy a product or service? Read to find out what factors consumers should take into account when making a purchase.

The first decision a consumer must make is whether or not to buy an item. How many times do you actually think about the reasons for the purchase you are about to make? Do you think about whether you really need the item? Should you wait until there is a sale on the item you want? Do you consider the trade-offs involved?

After you have decided to make a purchase, at least two scarce resources are involved—income and time. Before you spend your discretionary income, you need to invest time in obtaining information about the product you wish to buy. Suppose you decide to buy a mountain bike. The time you spend visiting stores and checking models and prices is a cost to you.

Second, virtually all the steps in consumer decision making involve an opportunity cost. Remember that opportunity cost is the value of the highest alternative choice you did not make. Suppose your friend recently purchased athletic shoes. You want to buy a pair yourself. Before you do, however, ask yourself, “What can’t I buy or do if I buy these shoes?” In other words, you must decide if the shoes are worth what you must give up to buy them.

Reading Check Explaining How does opportunity cost affect the decision to buy something?

Writing Support

Expository Writing Review with students the factors involved in making a buying decision. Then ask them to write an article for consumers titled, “What to Ask Yourself Before You Buy.” As a prewriting activity, they could write the self-questions they plan to include in their article. (Answers will vary. They may include opportunity cost and the scarce resources of income and time.) **OL**

Reading Check Answer: It helps the consumer decide whether or not the potential purchase is worth what must be given up in order to buy it.

Assess

Civics ONLINE

Study Central™ provides summaries, interactive games, and online graphic organizers to help students review content.

Close

Summarizing Have students write several paragraphs to sum up the rights and responsibilities of consumers. **OL**

Section 1 Review

Section Review

Vocabulary

1. **Define** the following terms and use them to write a short essay about making buying decisions: consumer, disposable income, discretionary income, consumerism, comparison shopping, warranty.

Main Ideas

- Explaining** What is the right to redress?
- Describing** How does comparison shopping help the consumer?
- Explaining** What scarce resources are involved in making a buying decision?

Critical Thinking

- BIG Ideas** Describe two examples of how you educate yourself about a product before buying it.
- Identifying** As you read, create a diagram like the one below to list your responsibilities as a consumer.



CITIZENSHIP Activity

- Expository Writing** Which of the consumer responsibilities do you think is the most important? Why? Explain your choice in a one-page essay.

Civics ONLINE

Study Central™ To review this section, go to glencoe.com.

Answers

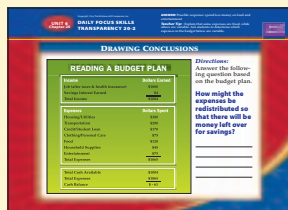
- Essays should use vocabulary words according to their definitions in the section and in the Glossary.
- The right to redress is the right to obtain adequate payment from the manufacturer if a product causes financial or physical damage.
- It helps the consumer find the best product for the price.
- Income and time are the scarce resources involved in a buying decision.
- Answer will vary. They may include doing research through consumer magazines and the Internet, checking advertisements, and comparison shopping.
- The remaining consumer responsibilities to be included on the diagram are using advertising carefully, doing comparison shopping, checking both brand-name and generic products, and balancing the costs and benefits of alternative buying methods.
- Essays will vary regarding consumer responsibilities, but students should support their opinions with reasons or examples.

Focus



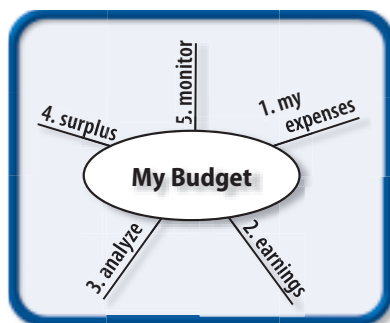
Bellringer

Daily Focus Transparency 20–2



Guide to Reading

Answers to Graphic:



Section Spotlight Video

To learn more about planning and budgeting, have students watch the Section Spotlight Video for this section.

Resource Manager

Guide to Reading

Big Idea

We all make economic choices. Opportunity cost, scarcity, and supply and demand influence the decisions we make.

Content Vocabulary

- budget (p. 545)
- income (p. 545)
- expense (p. 546)
- credit (p. 547)
- annual percentage rate (APR) (p. 547)
- collateral (p. 547)
- bankruptcy (p. 549)

Academic Vocabulary

- exceed (p. 545)
- status (p. 547)

Reading Strategy

Describing As you read, use a graphic organizer like the one below to describe the steps in making a budget.



Planning and Budgeting

Real World Economics Do you know how to create a budget? College students often have to learn to budget for the first time in their lives. This Clemson University student is shocked by the cost of his textbooks. Over the last twenty years, the price of textbooks has risen at twice the rate of inflation. With textbooks becoming so much more expensive, many students resort to using credit cards to purchase their books. That can add to their accumulating debt.

▼ Freshman student Noel Cole of Asheville, North Carolina



R Reading Strategies	C Critical Thinking	D Differentiated Instruction	W Writing Support	S Skill Practice
Teacher Edition <ul style="list-style-type: none"> • Act. Prior Know., p. 545 • Identifying, p. 546 • Summarizing, p. 549 Additional Resources <ul style="list-style-type: none"> • Cont. Vocab., URB p. 65 • Ac. Vocab., URB p. 67 • Guid. Read., URB p. 84 • RENTG, p. 186 • Foldables, p. 89 	Teacher Edition <ul style="list-style-type: none"> • Drawing Con., p. 545 Additional Resources <ul style="list-style-type: none"> • Quizzes and Tests, p. 237 • Graphic Novel, p. 77 	Teacher Edition <ul style="list-style-type: none"> • English Learners, pp. 545, 547 Additional Resources <ul style="list-style-type: none"> • Diff. Instr., URB p. 77 	Teacher Edition <ul style="list-style-type: none"> • Narrative Writing, p. 547 Additional Resources <ul style="list-style-type: none"> • Writing Skills Act., URB p. 71 	Teacher Edition <ul style="list-style-type: none"> • Reading a Chart, p. 548 Additional Resources <ul style="list-style-type: none"> • Daily Focus Trans., 20–2 • Pol. Cartoons Trans. 20

Making a Budget— and Sticking to It!

Main Idea Making and following a budget can help you organize your financial life.

Economics & You Have you ever had to say no to a concert, dance, game, or other event because you did not have enough money? If so, learning more about budgets can help you make sure there is enough money in your wallet for the things you would really like to do.

The best way to get a handle on your spending is to make a **budget**. What is a budget? It is a careful record of all the money you earn and spend. A budget tells you exactly where your money goes. Using a budget can help you make your expenses match your income.

Mr. Micawber, a famous character from Charles Dickens' novel *David Copperfield*, made it very clear to young David why a budget is important: "Annual income twenty pounds, annual expenditure nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery." Mr. Micawber meant that if your expenses **exceed**, or go beyond, your income by even sixpence [six pennies], you are in big trouble.

A budget is more than a record. It can also be a tool. It can help you plan and cut down on unwise spending and provide a road map toward saving for things you really want.

Basic Budgeting Terms The basic terms used in making and using a budget are the same, whether you are a high school student or the president of a giant company. Your **income** is the money you earn.

Budgeting A family works out their monthly budget. As a student, you might think you do not earn enough money to need a budget. You might be surprised to learn how much further your money goes when you budget. **Defining What is income?**



545

R Reading Strategy

Activating Prior Knowledge Ask: What do you already know about budgets? Have you heard the term used in connection with government or business? (Answers will vary. Students may mention federal, state, or local budgets, and budgets of companies or other organizations.) **OL**

D Differentiated Instruction

English Learners Call attention to the terms in boldface type. **Ask:** What words in the text help you understand the meaning of "budget"? ("It is a careful record of all the money you earn and spend.") Have students find context clues for "exceed" and "income." (exceed: go beyond; income: money you earn) **ELL**

C Critical Thinking

Drawing Conclusions Ask: How can recording what you earn and spend also help you save for things you want? (Answers may include that it will enable you to see how much you have left for savings and where you can cut back on your spending to save more.) **OL**

Caption Answer:

Income is the money you earn.

Additional Support

Activity: Economics Connection

Making Connections Ask: What are the sources of income for the federal government? (Answers will vary but should include taxes.) Discuss taxes that individuals pay to the federal government, including sales taxes on products. Explain that each year, individuals pay federal income tax on their income. Income is not limited to a salary or paycheck.

List the following income sources on the board, and encourage student discussion of each: 1. wages and salaries; 2. tips; 3. Reserve Officers' Training Corp (ROTC); 4) self employment, for example, from mowing lawns or babysitting; 5) news-paper carriers and distributors over the age of 18; 6) interest from financial institutions; 7) interest from U.S. savings bonds and U.S. Treas-

ury bills, notes, and bonds; 8) dividends; 9) taxable scholarships and grants; 10) contest prizes that do not have to be used for education. **OL**

R Reading Strategy

Identifying Call attention to the terms “expenses” and “balance.” **Ask:** What does “balance” mean as it is used here? (the amount of money left after subtracting expenses) Ask students to give a synonym for “a negative balance” (deficit) and antonyms for “income” (expenses) and for “surplus,” (deficit) **BL**

TIME Political Cartoons

Answers:

1. the loan office of a bank.
2. by suggesting that the cost of filling up an SUV is equal to that of buying an expensive house or condo
3. SUVs are known to use a lot of gas.
4. Both. The cartoonist implies that the price of gas is too high and that SUVs are gas-guzzlers.

Reading Check **Answer:** It is a careful record of all the money you earn and spend.

Differentiated Instruction

Differentiated Instruction Activity 20

The Power and Danger of “Plastic”

Financial institutions and other businesses issue credit cards. Creditholders may use credit cards instead of cash to purchase goods and services. The institution that issues the card pays for the purchase, and the creditholder agrees to repay it. Later, the credit card company sends the creditholder a bill for the amount purchased. The person has the option of paying the amount in full or paying it in installments. If the creditholder chooses the second option, however, he or she pays a finance charge, or interest. A sample monthly credit card statement is shown below.

Credit Card Statement

Statement for: 01/01/2010 - 01/31/2010 Statement Number: 1488 000 1012
 Account Cardholder: J. Smith Statement Date: 01/31/2010
 Minimum Payment Due: \$10.00 Payment Due: 02/15/2010

Account Summary

Item	Amount	Balance
Previous Balance	\$120.00	\$120.00
Payments	(\$10.00)	\$110.00
New Charges	\$10.00	\$120.00
Current Balance		\$120.00

Transactions

Date	Amount	Balance
1/1	Initial	\$120.00
1/5	Payment	\$110.00
1/10	Payment	\$100.00
1/15	Payment	\$90.00
1/20	Payment	\$80.00
1/25	Payment	\$70.00
1/30	Payment	\$60.00

Directions: Use the credit card statement and information from your textbook to answer the following questions on a separate sheet of paper.

1. **Speculating** How is a monthly finance charge determined?
2. **Calculating** How does the minimum payment relate to the balance? Explain.

TIME Political Cartoons



Chris Britt/Copley News Service

Every year, more than half of all Americans do volunteer work. One of the responsibilities of citizens is to help make this world a better place. It is the duty of every citizen to do so.

The high cost of gasoline was the inspiration for this cartoon by Chris Britt.

1. What is the setting for this cartoon?
2. How does the cartoonist use exaggeration to help make his point?
3. Why do you think Britt decided to have the driver own an SUV?
4. Do you think the cartoonist is making a statement about high gas prices, SUVs, or both?

Your **expenses** are the money you spend on everything, including what you choose to save. Balance is the amount of money you have left over after you subtract all your expenses. A surplus means you have more income than expenses; a deficit means you have more expenses than income. This unhappy situation—deficit—is also known as a negative balance.

How to Make a Budget

Creating and organizing a personal budget is not difficult. Anyone who knows addition, subtraction, multiplication, and division, can accomplish it. Follow these steps to organize a budget:

1. Make a list of everything you spend for a couple of weeks. Include entertainment, clothing, food, personal items, gifts, transportation, contributions and donations, and savings. You might also want to have a category, or group listing, for other or miscellaneous expenses.

It is important to record *everything* you spend.

2. For the same time period, record everything you earn and its source. Sources might be your allowance, job earnings, payment for household chores, or gifts; again, include a category for other or miscellaneous income.
3. Now that you have recorded your data, analyze it. Do you need to reduce expenses? Where could you cut costs? Would you rather increase your income? Can you work extra hours at your job or advertise your services to neighbors?
4. It is a good idea to have a little surplus for emergency expenses or extra contributions to your savings account.
5. Monitor your spending; use your budget data as a tool for taming any unruly finances. Make changes as needed.

Reading Check **Defining** What is a budget?

The Power and Danger of “Plastic”

- Objective:** To interpret a credit card statement
- Focus:** Ask what effect making the minimum monthly payment has on the balance.
- Teach:** Go over elements on the statement.
- Assess:** Discuss students’ answers to questions 1 and 2.
- Close:** Have students calculate the annual finance charge on the current balance.

Differentiated Instruction Strategies

- BL** How much of the \$250 paid last month went to pay finance charges? (\$51.31)
- AL** Why is it hard to eliminate credit card debt by making minimum payments when the APR is 23.99%?
- ELL** Discuss additional meanings for the following terms: “statement,” “balance,” “credit,” and “line.”

Credit

Main Idea Credit can be a valuable item in your financial toolbox; however, as with all tools, you have to know how to use it correctly.

Economics & You Have you ever received a credit card offer in the mail? Did you know how to evaluate it? Read more to find out what to look for the next time an offer for a credit card shows up.

A character in a play by William Shakespeare gave some famous advice when he warned, “Neither a borrower nor a lender be.” However, it is not very practical today; in fact, almost everyone, along with almost all businesses, sometimes borrows money.

Offers Through the Mail Do you receive “pre-approved” credit card offers in the mail, some with low introductory rates? **Speculating** Is it important to compare terms and fees before you agree to open a credit card account? Explain.



Many of us also lend it. The key is using **credit**—borrowing money to pay for something now while promising to repay it later.

Recognizing Credit Terms

Understanding how credit works in our society requires knowing some important terms.

- A lender is the person who loans someone the money to buy an item.
- A borrower receives the loaned money.
- Interest is the cost for the use of the money.
- The **annual percentage rate (APR)** is the annual cost of credit expressed as a percentage of the amount borrowed.
- A credit rating is an evaluation of the likelihood of a borrower to default on, or be unable to repay, a loan. It is based on the borrower’s previous credit experiences, financial situation, job history, status, or rank, and other information.
- **Collateral** is property, such as a house, car, or other valuable item, that a borrower pledges as security for a loan. If a borrower fails to repay a loan, the lender can seize the collateral as payment.

Sources of Credit

Banks, credit unions, and finance companies all offer credit to consumers. So do stores that sell relatively expensive merchandise, such as clothing, electronics, appliances, or furniture. Home mortgages and car loans are other popular types of credit. Large credit purchases usually require a down payment, or a part of the purchase price, when you make the purchase. The remaining unpaid balance is then divided into equal monthly payments.

Credit Cards Perhaps the most common type of credit today is the credit card. Issued by banks, credit card companies, and stores, a credit card allows you to charge, or pay using borrowed money, for goods and services up to the value of a preset monthly limit.

D Differentiated Instruction

English Learners Tell students that if a word they know does not seem make sense in a passage, the word may have more than one meaning. **Ask:** How can you figure out a word’s meaning? (Look for context clues or think of what word would make sense in the sentence.) **Call on volunteers to give alternate meanings for the following terms:** “credit,” “interest,” “terms,” “balance.” (Answers will vary, but should show the words have several different meanings.) **OL**

W Writing Support

Narrative Writing Using the cartoon on page 546 as a springboard, challenge students to write a conversation between a potential borrower and a lender (the banker). Challenge them to include these terms: “lender,” “borrower,” “interest,” “annual percentage rate,” “credit rating,” and “collateral.” (Compositions should indicate that students know the meanings of the terms.) **OL**

Caption Answer:

It is important to compare credit terms because they vary and might not be explained well.

Hands-On Chapter Project Step 2

Investing in Stocks

Step 2: Buying Stocks Groups of students continue the work they began in Section 1.

Directions Have students meet with their investment clubs. Write today’s agenda on the board: 1. Give stock presentations to the club. 2. Discuss five stocks. 3. Vote to decide on two stocks to buy and decide how many shares to buy of each stock. 4. Record the club’s purchases on a chart.

Remind students that each group has \$10,000. After students have evaluated the stocks, have them choose two stocks. The group now must decide how many shares of each stock to buy. Remind them to include a \$10 fee in the total cost of each. Explain that they will have money left. In preparation for their next meeting, have groups assign members to keep track of specific stocks and to record their daily prices.

Wrapping Up Have each group make a chart that shows: each stock; its price per share; the number of shares, and its total cost, including the \$10 fee. Have them calculate the total cost of each day’s purchases and the cash they have left. **OL**

(Project continued in Section 3)

S Skill Practice

Reading a Chart Refer students to the chart. **Ask:** What is the projected trend in the use of credit and debit cards between 2000 and 2008? (Both the number of credit and debit cards and the billions of dollars charged to those cards are predicted to increase.) **BL**

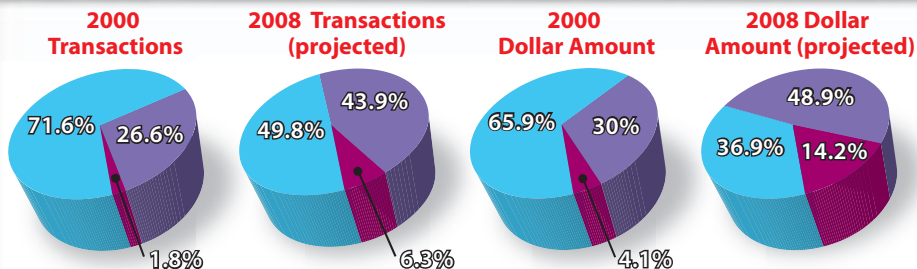
Analyzing Graphs and Charts

Answers:

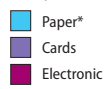
1. Paper was used most often to pay bills.
2. The bar graph should illustrate the projected increase in both credit and debit card between 2000 and 2008.

Methods of Payment

Graphs in Motion
See StudentWorks™ Plus or glencoe.com.



Methods of Payment



* Paper = cash, checks, money orders, food stamps.

Credit Card and Debit Card Transactions

	Credit		Debit	
	2000	2008 (projected)	2000	2008 (projected)
Number of Cards (in millions)	1,425	1,513	235	293
Spending (in billions of dollars)	1,458	2,604	448	1,630

Source: Statistical Abstract of the United States, 2006.

Analyzing Graphs and Charts

1. **Analyzing** What method of payment was most used to pay bills in 2000?
2. **Create** a bar graph that illustrates the information in the credit and debit chart.

When you apply for a credit card, the issuer checks your credit rating and assigns a dollar limit based on what it thinks you can afford to pay back. To avoid interest charges, you must pay off your full credit balance each month. You are charged a fee if your monthly payment is late. High interest charges on unpaid balances add up quickly and have even brought financial ruin to some unlucky or careless consumers.

Here is an eye-opening example: Say you buy an item that costs \$2,000 with a credit card that charges 18 percent interest. If you

pay off the entire bill immediately, you pay \$0 in interest. If you make only the minimum 4 percent payment, over time, it will take you more than 10 years to pay for the item, and you will have paid \$1,142 in interest. Thus, the \$2,000 item will have cost you \$3,142.

Credit: Benefits and Drawbacks

Americans use credit to make many purchases. The total amount of funds borrowed and lent each year is enormous. Used wisely, credit can be a valuable tool for consumers. It allows you to obtain something you want without waiting until you can save the entire purchase price.

Differentiated Instruction

548 Chapter 20

Leveled Activities

BL Content Vocabulary Activity 20, URB pp. 65–66

OL Writing Skills Activity 20, URB pp. 71–72

AL Differentiated Instruction Activity 20, URB pp. 77–78

ELL Guided Reading Activity 20–2, URB p. 84

Making monthly payments on time can teach you financial discipline. Analyzing your financial situation to see if you can afford to use credit for something you want is an important life skill.

However, credit also carries serious dangers. Many people have gotten in over their heads because they bought more than they could afford. The easy availability of credit, followed by lack of income to pay back the borrowed money, has left millions of people in **bankruptcy**, or the inability to pay debts. A bankruptcy judgment remains on your credit rating from seven to ten years, making it almost impossible for you to get a loan or to receive credit during that time.

Your Responsibilities as a Borrower

Being a responsible borrower means having a plan to make all the payments on your loan or credit purchase in a timely manner.

Your budgeting skills will help make sure you can afford a monthly loan or credit payment, along with other necessities. The time to make sure you can afford a credit purchase is *before* you close the deal. You also need to understand all aspects of the agreement: What is the APR? How long will you make payments? What are the penalties for late payments? Are there extra fees?

Tips for Students As long as they are over 18 years old, students can get a credit card without asking their parents to cosign. Debt advisers say students should hold a credit card on which they can carry only a small balance and must pay off monthly. They should pay more than the minimum on credit cards. Furthermore, they should not charge purchases they can pay for in cash, such as food and gas.

Reading Check **Explaining** Why do you need to know the APR of your loan or credit purchase?

R Reading Strategy

Summarizing Ask: What should you know before you make a purchase with a credit card? (You should know if you can afford the monthly payments, what the APR is, the length of time you will be making the payments, the penalties for late payments, and if there are any additional fees.) **OL**

Reading Check **Answer:** You need to know the APR of a loan or credit card purchase because it shows you the cost of buying on credit.

Assess



Study Central™ provides summaries, interactive games, and online graphic organizers to help students review content.

Close

Summarizing Have students write a short paper on the benefits and the drawbacks of buying on credit. **OL**

Section 2 Review

Section Review

Vocabulary

- Write** a paragraph about planning and budgeting in which you use at least five of these terms: *budget, income, expense, credit, annual percentage rate (APR), collateral, bankruptcy*.

Main Ideas

- Explain** the difference between a surplus and a deficit.
- Identify** three sources of credit.

Critical Thinking

- Describing** What can a budget help you do?
- BIG Ideas** Create a table like the one below to list three questions you should consider when deciding whether to use credit.

Decision to Use Credit
1.
2.
3.

- Explaining** Why is it important to maintain a good credit rating?

CITIZENSHIP Activity

- Expository Writing** Think of an item for which you have been saving. How long will it take you to save the funds needed to purchase this item? What are you not buying in the meantime? Explain what you are giving up to buy that particular item. Answer these questions in a one-page paper.



Study Central™ To review this section, go to glencoe.com.

Answers

- Paragraphs should use vocabulary words according to their definitions in the section and in the Glossary.
- surplus:** more income than expenses.
deficit: more expenses than income.
- Three sources of credit are banks, credit unions, and finance companies.
- It can help you match your expenses to your income and develop a savings plan for things you want.
- Answers will vary but should include three of these ideas: Can I afford the monthly payment? What is the APR? How long will I be making payments? What are the penalties for late payments? Are there any extra fees?
- Answers may include that a good credit rating enables you to borrow money and to obtain a favorable interest rate.
- Papers will vary but should include an explanation of what the writer wants to buy, how long it will take to save for it, and what the writer cannot buy while saving.

**R** Reading Strategy

Analyzing Text Structure Have students preview the selection. **Ask:** What kind of selection is it, and what is its purpose?

(It is an informational, how-to selection; its purpose is to give instructions on how to make a monthly budget.) Have students identify the two major steps involved in making a budget. (Obtain the necessary tools and follow the set of procedures listed under Step B.) Call attention to the chart on page 551 and point out that a copy of the chart is one of the tools they will use as they make their budget. **OL**

D Differentiated Instruction

Logical/Mathematical **Ask:** In the first procedure for Step B, does the monthly earnings of \$1,236.66 include the amount taken out for taxes? (Taxes have already been deducted.) Ask comprehension questions about the remaining procedures, and answer any questions students have. **OL**

Additional Support**Making a Budget**

A good budget is a useful tool. It can help you

- understand your actual financial situation.
- fill your basic and material needs.
- gradually achieve your objectives.
- avoid debt.
- save.

In this activity, you will design a strategy for earning, spending, and investing your resources.

Step A: Tools Needed

- ✓ Copies of Table "My Monthly Budget"
- ✓ Newspapers with advertisements for apartment rentals and auto sales
- ✓ Ads from local grocery stores
- ✓ Magazines with photos of apartments, automobiles, and furniture
- R** ✓ Pencil
- ✓ Calculator

**Step B: Procedures to Follow**

1. Annually you make \$16,640, of which \$1,800 goes to pay taxes. Monthly you earn \$1,236.66. Your total expenditures will include the items listed in the table. **D**
2. Analyze the newspaper ads to select an apartment to rent. List the rental fee in the table. Also consider the cost of rental insurance.
3. Plan your weekly menus. Then multiply supplies by 4 to budget your food expenses for one month. Use the ads from grocery stores to select and price the food products needed for your menus.
4. Decide on a type of car to buy. Analyze the newspaper ads to obtain the approximate monthly payment for an automobile.
5. From the magazines, select items of furniture to furnish your apartment.
6. Call the following places or ask family members to obtain prices or monthly fees for other necessities: phone company, electric company, gas company, auto insurance, furniture store, medical insurance, and other costs.
7. Fill in your costs in the table. When you complete the table, subtract the total expenses from your earnings for the month to find out how much money you have remaining.

Activity: Collaborative Learning

Analyzing Information **Ask:** How can students cut down on their spending or increase their earnings? Organize students into small groups to discuss those questions and to suggest answers. Have some groups list suggestions on how students can cut down on spending and oth-

ers list ideas on how students can increase their earnings.

Suggest that groups first brainstorm to generate ideas, offering as many ideas as they can in a short period of time without pausing to consider each one. One person in each group can act as recorder and jot down

their ideas. After brainstorming, groups should discuss and evaluate the ideas they generated and list those they feel are helpful. Encourage groups to share their lists with the class. **OL**



My Monthly Budget

CATEGORIES OF EXPENSES	MONTHLY COST
Rent	
Rental insurance	
Telephone	
Electricity	
Gas heat	
Car payment	
Car insurance	
Car expenses (gas and repairs)	
Furniture expenses	
Clothing expenses	
Groceries	

CATEGORIES OF EXPENSES	MONTHLY COST
Medical insurance	
Medical expenses	
Credit card bill	
Entertainment and dining out	
Laundry and toiletries	
Other	
Monthly earnings	\$ 1,236.66
Subtract total monthly expenses	
Total remaining	



Analyzing Economics

- Identifying** What is your largest monthly expense?
- Calculating** How much money did you have left at the end of the month?
- Explaining** What expense(s) surprised you the most? Why?
- Calculating** What expenditures did you have to reduce to be able to pay your other monthly expenses?

Chapter 20 551

S Skill Practice

Reading a Chart Call attention to the chart's title and discuss how the chart is set up. Make sure students understand that the expenses listed for each category are for an entire month. **Ask:** *Where do you enter the sum total of expenses for the month? (in the next-to-last box in the right-hand column)* **How do you find out if you have a surplus or a deficit? (Subtract monthly expenses from monthly earnings.)** **OL**



Analyzing Economics

Answers:

Answers for Questions 1, 2, 3, 4, will vary, depending on the entries students make in their charts. Question 3 requires an explanation; Question 4 requires students to tell the expenditures they had to reduce in order to pay monthly expenses.

Activity: Economics Connection

Interpersonal Encourage students to form a support group for following a budget, similar to a Weight Watcher's group. Suggest that they meet for about fifteen minutes each week.

During the first meeting, they can help each other plan a budget using the form on page 551. Have them choose a secretary to take notes on each meeting.

At subsequent meetings, they can compare each other's progress as they feel comfortable and award prizes to those that have successfully kept to their budgets. They can also share suggestions for saving money and news about sales and bargains.

Help them develop the idea that it is more desirable to buy inexpensive, durable clothes, sports equipment, and accessories

than to spend a lot of money on famous-brand products. Introduce them to a good consumer's guide.

Each week, the secretary can submit a written report on the club members' tips on how to save money. **OL**

Focus



Bellringer

Daily Focus Transparency 20–3



Guide to Reading

Answers to Graphic:

Savings accounts: can make deposits; fairly low interest rate; can withdraw at any time; interest added automatically to account

Checking accounts: can make deposits; money withdrawn for checks you write; some pay small amount of interest; some charge fees; some offer debit cards

Money Market accounts: can make deposits; can write checks; pays interest, often a little higher than savings accounts

Section Spotlight Video

To learn more about saving and investing, have students watch the Section Spotlight Video for this section.

Resource Manager

Guide to Reading

Big Idea

We all make economic choices. Opportunity cost, scarcity, and supply and demand influence the decisions we make.

Content Vocabulary

- save (p. 553)
- interest (p. 554)
- principal (p. 555)
- return (p. 557)
- stock (p. 557)
- dividend (p. 557)
- bond (p. 557)
- mutual fund (p. 558)

Academic Vocabulary

- establish (p. 553)
- fund (p. 553)
- interval (p. 557)

Reading Strategy

Comparing and Contrasting

As you read, use a chart like the one below to explain how savings accounts, checking accounts, and money market accounts are similar and how they differ.

Type of Account	Similarities/Differences
Savings accounts	
Checking accounts	
Money Market accounts	

Saving and Investing

Real World Economics For most teenagers, getting a driver's license and a first car marks a major move into adulthood. But how will they pay for that car? Heather Kimble's mother, Lorene, helped Heather get a debit card, a checking account, and a savings account to learn how to manage the money she earns from an after-school job in Corning, New York. Buying a car was her goal. Learning to save money can be hard, but this is one lesson from which most people will benefit.

▼ Heather Kimble gets backup from mother, Lorene



R Reading Strategies

Teacher Edition

- Summarizing, p. 554
- Identifying, p. 555
- Making Connections, p. 557
- Identifying, p. 558

Additional Resources

- Cont. Vocab., URB p. 66
- Guid. Read., URB, p. 85
- RENTG, p. 189

C Critical Thinking

Teacher Edition

- Pred. Consequences, p. 553
- Making Inferences, pp. 554, 555
- Analyzing Info., p. 555

Additional Resources

- Critical Thinking Skills, URB p. 73
- Quizzes and Tests, p. 238

D Differentiated Instruction

Teacher Edition

- Auditory/Musical, p. 553

Additional Resources

- School-to-Home Connection Activity, URB p. 79
- Reteach. Act., URB p. 81

W Writing Support

Teacher Edition

- Expository Writing, p. 557

S Skill Practice

Teacher Edition

- Reading Graphs, p. 555
- Reading Charts, p. 556

Additional Resources

- Chart, Map, and Graph Skills, URB p. 75
- Daily Focus Trans., 20–3

Saving for the Future

Main Idea Saving part of your income is the key to meeting many of your short-term and long-term financial goals.

Economics & You Do you know the old fable of the grasshopper and the ants? Unlike the industrious ants, the grasshopper did not bother to put aside food for the winter, and he was left hungry. Read more to find out how you can avoid being a financial grasshopper.

Everyone has long-term goals: what you want to do, where you want to live, how you want to spend your time. One way to help you reach your long-term *purchasing* goals is to save. To **save** means to set aside income for a time so you have it to use later. It is that part of your income that you do not spend. You may already be saving some of your income for a future use, such as buying a car or continuing your education.

Think of saving as a regular “expenditure” item; think of what you “buy” with it. Many people simply save what is left over at the end of the month. This attitude downgrades saving to a less important position than purchasing goods and services.

Why Save?

Saving money can be a difficult habit to **establish**, or create. There are many good reasons for saving. Most people cannot make major purchases, such as a car or a house, without putting aside money to help pay for them. Saving also comes in handy in emergencies. In addition, people can save for luxuries, such as a nicer car or a vacation.

When individuals save, the economy as a whole benefits. Your saving makes money available for others to invest or spend. Saving also allows businesses to borrow from a savings bank to expand, which provides greater income for consumers and raises the standard of living.



Deciding to Save No matter how you do it, it is important to save some of your money. **Explaining** What is an advantage of making regular deposits to a savings account?

Saving Regularly

To make it easier for people to save, some employers will withhold a fixed amount from employees’ paychecks. This money is automatically deposited into the participating employees’ savings accounts. Many people, however, handle the responsibility themselves. Each week or month, they budget a specific amount of money to put aside for savings. There is a budget line for savings right next to the lines for food, movies, gas, and other necessities.

Easy Availability Generally, when people think of saving, they think of putting their **funds**, or money, in a savings bank or a similar financial institution. A major appeal of savings accounts is that they offer easy availability of funds. The depositor can usually withdraw funds at any time without paying a penalty—*forfeiting* any money.

Teach

C Critical Thinking

Predicting Consequences Ask: **Why** should you consider making regular savings a part of your budget? (Answers may include that saving regularly will help you have money for emergencies and will enable you to make major purchases in the future.) **BL**

D Differentiated Instruction

Auditory/Musical Encourage students to discuss reasons why they and their friends should establish savings. In groups have them create jingles that could be set to music that encourage students to save. Encourage them to share their jingles, put them to music if possible, and post them on school bulletin boards. **OL**

Caption Answer:

Making regular savings deposits makes it easier to save and helps ensure that your savings will grow.

Hands-On Chapter Project Step 3

Investing in Stocks

Step 3: Evaluating Stock Performance Groups of students continue the work they began in Section 2.

Directions At this meeting, explain that they will check on the performance of each of their stocks since the last meeting. They will then calculate the current value of their portfolio.

Have students report to their groups on the stocks they have been tracking. Ask them to give each stock’s day-to-day price and to predict the direction of its price in the next two weeks. Suggest that they consider whether the performance of all their stocks indicates a trend in the stock market. Does the performance of a single stock indicate a trend in its sector of the market?

Finally, have the group write its prediction of the direction stocks will take in the interval between today and its next meeting.

Summarizing Have a group representative report to the class on the performance of the group’s stocks and what the group’s prediction is for the performance of the stock market in the near future. **OL**

(Project continued in Section 4)

C Critical Thinking

Making Inferences Ask: How are lending institutions able to pay interest on depositors' money? (They lend money at a higher interest rate than they pay to depositors.) **BL**

R Reading Strategy

Summarizing Ask: What factors should you consider when you are deciding how much to save? (Answers may include your everyday expenses, why you are saving, how much interest you will earn, and your expectations for your future income.) **OL**

American Biography

Answers: Student answers might suggest that Otero was motivated to help poor people get capital to start businesses and to develop their own wealth. The study of political economics relates directly to that goal; literature does not.

Reading Check Answer: Individual savings make money available to be invested in business and enterprises whose growth will expand the economy.

Differentiated Instruction

CRITICAL THINKING SKILLS ACTIVITY 20

Categorizing Information

Learning the Skill

- Categorizing information involves sorting facts, ideas, statistics, or other kinds of information into categories or groups. Categorizing information is one way to understand how various facts and details relate to one another.
- Use the following guidelines to help you categorize information:
- Identify the main idea or topic of the text and the important details that relate to the main idea.
- Figure out into what categories the important details fit. Try to identify categories in which all relevant details will fit.
- Sort the information into the categories you identified.

Practicing the Skill

Directions: Study the table. Then answer the following questions in the space provided.

Name of Account	Minimum Deposit to Open	Investment Period	Penalty for Early Withdrawal	Special Features
Classic Savings	\$100	No restrictions	None	• Earn interest every day • Use an Overdraft Protection
Education Savings Account	\$100	No restrictions	• Yes, if there are expenses that show withdrawal per quarter • None	• The first interest if funds are used for qualified educational expenses • Earn interest every day
Money Market	\$1,000	No restrictions	• None	• Limited check access • Earn interest every day
Certificate of Deposit (CD)	\$500 (\$100 for minors)	30 days to 5 years	• Yes, if funds are withdrawn prior to maturity • None	• Lock into guaranteed interest rate • Earn interest every day
Variable Rate IRA	\$100	No withdrawal limits	• None	• Offer the greatest ability to add deposits • Guaranteed interest rate
Jump-Up IRA	\$100	12, 18, 24, or 36 months	• Yes, based on penalty if funds are withdrawn prior to maturity • None (5% penalty)	• Guaranteed interest rate • Ability to increase rate one or two times if rates go up • Can add deposits

Critical Thinking Skills Activity 20, URB pp. 73–74

American Biography

María Otero (1950–)

María Otero joined ACCIÓN International in 1986 and has served as president and CEO of the private, nonprofit organization since 2000. ACCIÓN provides loans and business training to poor women and men who start their own businesses. Since 1996,



ACCIÓN-affiliated programs have issued \$9.4 billion in loans to nearly 4 million people.

"We don't need to give people charity," says Otero. "We need to give people opportunity and access."

Otero believes the programs not only help businesses get started now, but will "manifest . . . in the education and

choices that will open up for their children. . . . The power of putting capital in the hands of poor people enables them to create their own wealth and invest in their children."

Born in La Paz, Bolivia, Otero and her family moved to Washington, D.C., when she was 12. After attending Johns Hopkins University, Otero returned to Bolivia to work. She says, "I really had to determine who I was. Living in Bolivia as an adult and preparing myself to then come back and do more graduate work in economics was very significant. That's what helped me accept that I could be both Bolivian and American."

Making a Difference



At first, Otero studied literature but decided to give up literature for political economics. **Speculating** Why do you think she made this decision?

Earning Interest Another advantage of depositing your money in a savings account is that it will earn interest. **Interest** is the payment people receive when they lend money, or allow someone else to use their money. In this case, the financial institution pays interest to the person with the savings account. The institution can lend these funds to someone else, who will in turn pay interest to the financial institution for the use of the money. A person receives interest on his or her savings for as long as funds are in the account.

Deciding About Your Saving

It is important to remember that the more money you put in a savings account, and the longer you keep the money deposited, the more interest you will earn, and the larger your account will grow.

Saving and Trade-Off Saving involves a trade-off, as does every other activity. The more you save today, the more you can buy a year from now, 10 years from now, or 30 years from now. You will, however, have less to spend today.

Deciding how much to save depends on your answer to several questions: How much do you spend on your everyday expenses? What are your reasons for saving? How much interest can you earn on your savings and, therefore, how fast will your savings grow? How much income do you think you will be earning in the future? If you expect to make a much higher income tomorrow, you have less reason to save a large percentage of your income today. It is a good idea, however, to have some type of savings plan.

Reading Check Explaining How do the savings of individuals benefit the entire economy?

Categorizing Information

Objective: To categorize types of savings and investment accounts

Focus: Students sort information about different kinds of accounts.

Teach: Review how to read a table.

Assess: Use the questions on page 74 to check students' categorizing skills.

Close: Have students categorize the accounts according to their minimum deposits.

Differentiated Instruction Strategies

BL Which accounts let you withdraw money without paying a penalty? List them.

AL Explain why CDs are good investment choices if you think interest rates are going down.

ELL Choose one account from the table and tell its features in your own words.

Types of Savings

Main Idea A variety of options is available to allow you to save money.

Economics & You Benjamin Franklin said, "A penny saved is a penny earned." Read to find out how this advice applies to you and your financial future.

While savings accounts are probably the best-known way to save, there are other ways, too.

Saving and Checking Accounts

You can open a savings account at a bank, savings and loan, or credit union. These institutions accept people's money, pay them a fairly low rate of interest, and loan the money on deposit to other customers

of the institution. You can withdraw your money at any time, and the interest you earn is added automatically to your **principal**, or the amount you initially deposited. You cannot write a check on a savings account. To do that, you will need a checking account.

Just as with a savings account, you make deposits into a checking account. When you write a check, the banking institution pays out of the funds in your checking account. You must be careful not to write checks that exceed the amount of money in your checking account. The way to protect yourself from "bouncing" a check is to keep a record of each check you write.

Some institutions pay a small amount of interest on checking accounts, but most do not. Some charge you a per-check or monthly fee, while others do not. Some institutions require you to keep a minimum amount in your checking account.

C Critical Thinking

Making Inferences Ask: **Why might someone decide to open both a savings and checking account?** (a savings account to earn interest on money they do not need right away and a checking account to pay their bills) **BL**

S Skill Practice

Reading Graphs Ask: **During what time period did the savings rate show a gradual rise?** (It was on the rise between 1952 and 1970, approximately.) **OL**

R Reading Strategy

Identifying Ask: **What kinds of fees might be applied to a checking account?** (Checking accounts may charge a per-check or monthly fee or require you to keep a minimum balance.) **OL**

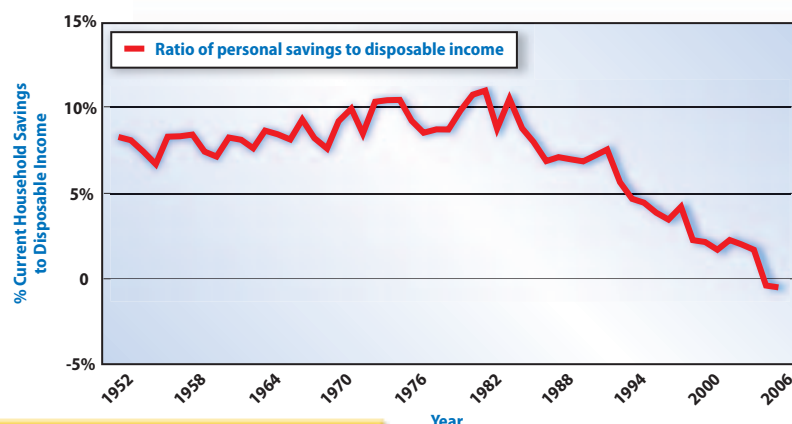
Analyzing Graphs

Answers:

1. Rates surpassed 10% for short time between 1974 and 1976, between 1980 and 1981, and in 1983, approximately.
2. A downward trend started in 1982. Students' opinions on the continuation of that trend will vary.

Additional Support

The Savings Rate, 1952–2006



Analyzing Graphs

1. **Calculating** During what periods of time did the savings rate surpass 10 percent?
2. **Analyzing** What general trend started in 1982? Do you expect this to continue or change?

Source: U.S. Department of Commerce: Bureau of Economic Analysis.

Activity: Technology Connection

Analyzing Information Tell students that they will use the Internet to do research on new cars and decide which make and model to buy. Then they will find out what their monthly payments would be if they put 20% down and took out a 3-year loan on the balance.

Before students begin their Internet research, discuss where they intend to shop for cars that might interest them.

After students have completed their research and summaries, have them meet in groups to compare notes. Suggest that they discuss questions such as, *What helpful*

websites did you find? Did anyone find an exceptionally good car loan offer? What did you find out when you compared offers from different car dealers? Did you search for new cars on any auction sites? After groups have exchanged their findings, call on volunteers to summarize them for the class. **OL**

S Skill Practice

Reading Charts Ask: According to the chart, which account gives the lowest return on savings? (the savings account) **OL**

✓ Reading Check Answer: Checking accounts allow you to write checks but charge fees and pay little interest. Savings accounts pay interest but do not allow check writing.

Analyzing Charts

Answers:

1. Savings accounts pay low interest, but you can withdraw money. CDs pay higher interest but often must be held for more than a year.
2. Money market accounts let you write checks but require a higher minimum balance.

If your funds fall below the minimum, they charge you a monthly fee. Many institutions now offer a debit card. This allows you to pay for a purchase directly from your checking account instead of writing a paper check.

Money Market Funds and Certificates of Deposit

A money market account is similar to a checking account in that it allows you to write checks, usually for larger amounts, against the money you have deposited. It is like a savings account because it pays interest, often a little higher than that on savings accounts. Yet another way to save is with certificates of deposit (CDs).

CDs are a kind of time deposit, in which you agree to deposit a sum of money with a financial institution for a certain amount of time, usually at least a year. In return, the institution guarantees you a set rate of interest that will be added to your principal when the CD matures, or comes due. The rate of interest on a CD is almost always higher than that on a savings account. Why? You have less flexibility to withdraw your money; if you want to withdraw it before the stated date, you must pay a substantial penalty. In general, longer-term CDs pay you a higher rate of interest as a reward for locking up your money for a longer period of time.

✓ Reading Check Contrasting What are some differences between checking and savings accounts?

Types of Savings Accounts

	DEFINITION	RETURN	TIME FRAME
Bank Savings Accounts	Accounts at a bank, savings association, or credit union	Interest rate is relatively low	Depositor can withdraw money at any time
Certificates of Deposit	Bank notes for a set period of time at a fixed rate of interest	Interest rates are usually higher than rates for bank savings accounts	Vary, generally from 6 months to 5 years
Money Market Accounts	Savings accounts offered by banks that require a high minimum balance	Interest rates are usually higher than rates for regular bank savings accounts	Depositor may withdraw funds at any time
U.S. Savings Bonds	The U.S. government issues savings bonds as one of its ways of borrowing money.	Interest rate is usually higher than rates on bank savings accounts	Good for medium- and long-term savings goals

Analyzing Charts

1. **Comparing** How do bank savings accounts and certificates of deposit differ?
2. **Explaining** What is an advantage of a money market account? What is a disadvantage?

Differentiated Instruction

556 Chapter 20

Leveled Activities

BL School-to-Home Activity 20, URB p. 79

OL Chart/Graph/Map Activity 20, URB pp. 75–76

AL Critical Thinking Activity 20, URB pp. 73–74

ELL Guided Reading Activity 20–3, URB p. 85

Investments

Main Idea Making wise investments in a variety of stocks and bonds is an important part of achieving long-term financial goals.

Economics & You Have you ever gone together with friends and pooled your money to buy something you could all use? Read to find out how this idea is the foundation for many key investment practices.

Savings accounts, money market accounts, and CDs are considered investments, but their **return**, or profit earned by the investor, is usually low. Almost all investors also invest in stocks and bonds, which have averaged a higher return over the years than savings accounts, money market accounts, and CDs. If people are willing to take a chance on earning a higher rate of return, however, they can invest their savings in other ways, such as in stocks and bonds.

Stocks

When you buy shares of **stock**, you are buying partial ownership in a company. If the company does well, the value of your share will probably go up. If the company does not do well, your share will likely be worth less than you paid for it. You can sell it at any time, hopefully for more than you paid, and the difference is your profit.

Dividends Some companies also pay shareholders a portion of company earnings at regular **intervals**, or periods, based on the number of shares people hold. This payment, called a **dividend**, can substantially increase your profit from owning stock.

Greater Risk Stocks generally earn a higher return than other investments because they carry greater risk. There is no guarantee, as with government-protected savings accounts

(protected by the Federal Deposit Insurance Corporation [FDIC]) and CDs, that you will make money on your stock investment. In fact, if the company goes out of business, you will lose your entire investment.

Bonds

Whereas stocks represent ownership of a company, buying a **bond** is lending money to a company or government. Unlike buying stock, buying a bond does not make a bondholder part owner of the company or government that issued the bond.

Company Bonds Companies issue bonds to raise money for new equipment, research, or other business expenses. Companies pay bondholders a certain rate of interest over a set number of years. Bonds also carry risk; the company could become unable to pay you your interest or make final repayment of the principal.

Stock as an Investment Millions of people all over the world buy and sell shares of stock every day. Stock certificates like these are issued to people who have invested in a corporation. **Describing What are two ways stockholders can make money from their investments?**



Writing Support

Expository Writing Have students write a paper that examines investment choices and determines which one is best for a high-school senior who will need the money for college in six months. *(Answers will vary, but students should consider the student's 6-month time limit and the need for a safe investment.)* **OL**

Reading Strategy

Making Connections Explain that business owners often need to invest for their retirement. **Ask: Where should a young business owner invest funds for retirement?** *(Answers will vary, but students should be able to explain their reasoning. Some might recognize that the investor's long time frame helps lessen the risk of losing all in the stock market and helps make stocks an attractive choice.)* **AL**

Caption Answer: They make money if their stocks go up and if the stocks pay dividends.

Additional Support

Activity: Collaborative Learning

Analyzing Information Ask: What are some of the sectors, or categories, of businesses? *(Answers may include energy, utilities, retail sales, manufacturing, finance, health care, transportation, technology, consumer staples, manufacturing, communication, basic materials, construction, real estate, arts and entertainment, and education.)*

Explain that stocks are grouped into sectors to make it easy to compare them. Organize the class into small groups, and have each investigate one sector of the economy. Ask them to find answers to questions such as: *What is the function of this sector in the economy? What are its major companies? How did the stocks in this sector perform last year? How are they performing today?*

Ask students to write a summary of what their group learned through its research. Explain that they will do this as a group activity and produce a written summary to share with the class. They may print their completed summaries to share with the class. **OL**

R Reading Strategy

Identifying Ask: How does a mutual fund work? (A group of people pools their money to buy a collection of stocks or bonds and to hire a fund manager. The investors share the fund's profits. Spreading their investments among many stocks and bonds limits the investors' loss if a stock or bond loses money.) **OL**

Reading Check Answer: Investments that have a high return have a higher-than-average risk.

Assess



Study Central™ provides summaries, interactive games, and online graphic organizers to help students review content.

Close

Analyzing Information Ask: What kinds of investments are best suited for investors who do not like to take a risk? (Savings accounts, U.S. government bonds, Treasury bills, and notes are backed by the U.S. government.) **OL**

Section 3 Review

Government Bonds The U.S. government, along with cities and states, also borrows money to pay for its expenses. The United States issues savings bonds, along with other bonds called Treasury bills, notes, and bonds. U.S. government bonds are considered among the safest of all investments because they are backed by the financial strength of the U.S. government. The government pays interest on these bonds, but it builds the interest into the redemption price rather than sending checks on a regular basis.

A person buying a savings bond pays half the bond's face value. You could purchase a \$50 bond for only \$25. The bond increases in value every six months until its full face value is reached. (The *Rule of 72* tells you how long it takes for the bond to mature: Divide the number 72 by the interest rate.) If you redeem a U.S. savings bond before it matures you are guaranteed the interest rate, which changes depending on the rates of interest in the economy.

Mutual Funds

Many investors find it easier to invest in stocks and bonds using **mutual funds**. Mutual funds are pools of money from many people who are invested in a selection of individual stocks and/or bonds chosen by financial experts. Your return is based on the experts' choices of investments. Mutual funds are less risky than investments in individual stocks and bonds. Mutual funds usually own several hundreds—or thousands—of different stocks and bonds. Spreading your investment among many stocks or bonds limits the loss if one individual stock or bond performs poorly.

Many popular mutual funds are tracked by a government regulated index. An index is a measuring system that tracks stock prices over the long term. The Dow Jones Industrial Average (DJIA) and the Standard & Poor's (S&P) are the two most common indexes.

Reading Check Explaining What is the relationship of an investment's risk to its potential return?

Vocabulary

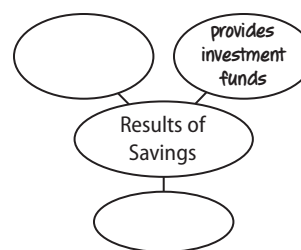
- Write** a paragraph about saving and investing in which you use at least five of these terms: *save, interest, principal, return, stock, dividend, bond, mutual fund*.

Main Ideas

- Explain** how the decision to save involves trade-offs.
- Comparing** How is a money market account similar to a checking account?
- Contrasting** What is the basic difference between a stock and a bond?

Critical Thinking

- BIG Idea** Saving affects you as well as others. On a graphic organizer like the one below, list three results of saving.



- Explaining** Why are certificates of deposit described as time deposits?

- Explaining** How does buying a U.S. savings bond increase the United States government's debt?

Citizenship Activity

- Expository Writing** List your short-term savings goals, such as saving to buy a new iPod. Then list your long-term savings goals, such as saving for a house. In a short essay, explain the major differences between the two kinds of saving.



Study Central™ To review this section, go to glencoe.com.

Answers

- Sentences should use vocabulary words according to their definitions in the section and in the Glossary.
- The more you save today, the more you can spend in the future; but the less you can spend now.
- Money market accounts and checking accounts are similar in that they both permit you to write checks on your account.
- With a stock, you own a share in a company. With a bond, you lend money to a company or the government.

5.



- They are deposits you agree to keep in the financial institution for a set period of time.
- The U.S. government both repays the bonds and pays interest on them. This increases government debt.
- Essays will vary but should include examples of students' short-term and long-term savings goals and the difference between those two kinds of savings.

Guide to Reading

Big Idea

We all make economic choices. Opportunity cost, scarcity, and supply and demand influence the decisions we make.

Content Vocabulary

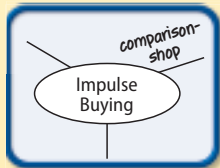
- impulse buying (p. 561)

Academic Vocabulary

- evaluate (p. 560)
- commit (p. 562)
- eliminate (p. 562)

Reading Strategy

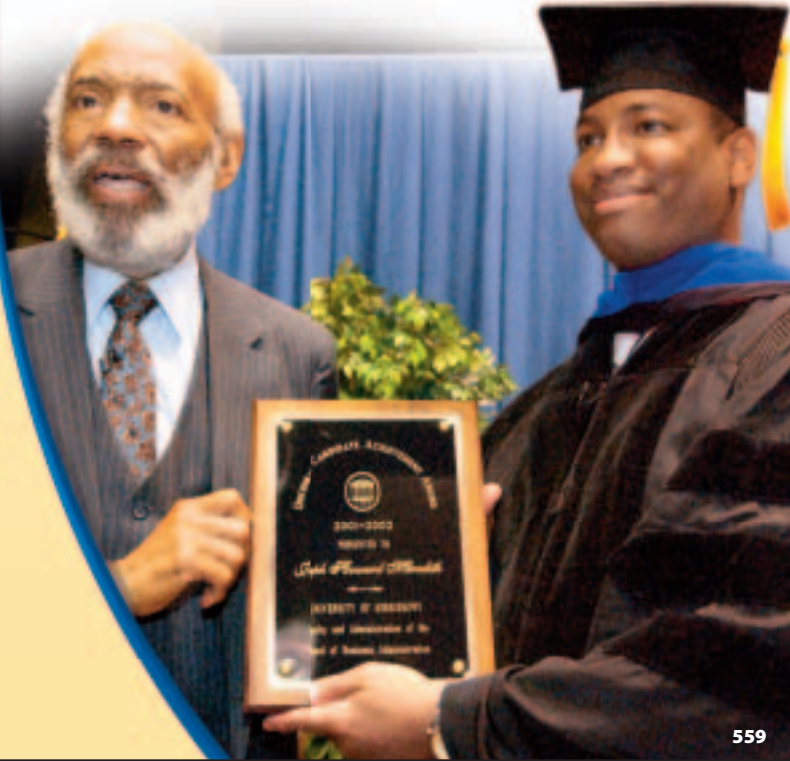
Describing As you read, use a diagram like the one below to describe three ways to keep impulse buying in check.



Achieving Your Financial Goals

Real World Economics James Meredith struggled to be admitted to the University of Mississippi in 1962, at that time an all-white school in the South. It took a federal court order to get him into the segregated college of his choice. Forty years later, his son, Joseph, completed a PhD in business administration at the same school. But race was not the big problem anymore. It was rather how to pay for this college education. With tuition costs increasing as much as 50 percent over three years in some states, saving to pay for college requires financial planning.

▼ James and Joseph Meredith



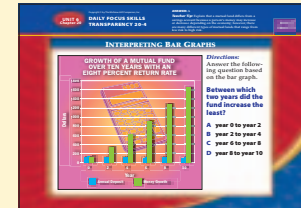
559

Focus



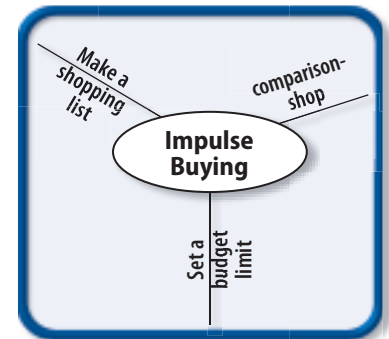
Bellringer

Daily Focus Transparency 20–4



Guide to Reading

Answers to Graphic:



Section Spotlight Video

To learn more about achieving your financial goals, have students watch the Section Spotlight Video for this section.

Resource Manager



Reading Strategies

Teacher Edition

- Inferring, p. 561

Additional Resources

- Cont. Vocab., URB p. 66
- Academic Vocab., URB p. 67
- Guid. Read., URB p. 86
- RENTG, p. 192



Critical Thinking

Teacher Edition

- Det. Cause/Effect, p. 561
- Drawing Con., p. 562

Additional Resources

- Quizzes and Tests, p. 239



Differentiated Instruction

Teacher Edition

- English Learners p. 560

Additional Resources

- School-to-Home Act., URB p. 80
- Reteach. Act., URB p. 81



Writing Support

Teacher Edition

- Persuasive Writing, p. 560



Skill Practice

Teacher Edition

- Reading Charts, p. 560

Additional Resources

- Daily Focus Trans., 20–4

Teach

D Differentiated Instruction

English Learners Remind students that a word they do not know may be defined if they read a little further. Ask them to read "Impulse Buying" to find the meaning of the term "impulse." (*It is defined as "acting on feelings or emotions without thinking about consequences."*) **ELL BL**

S Skill Practice

Reading Charts Ask: Which advertising techniques focus on people's vanity rather on the product's features? (the snob appeal and testimonial techniques)

OL

W Writing Support

Persuasive Writing Have students choose one of the advertising techniques and write an advertisement that illustrates how it is used to appeal to buyers. **OL**

Analyzing Charts

Answers:

1. the testimonial
2. Answers may include that many people look up to public figures.

Differentiated Instruction

What Kind of Spender Are You?

Main Idea Careful spenders avoid pitfalls, such as impulse buying, on their way to meeting their financial goals.

Economics & You Have you ever bought something expensive on the spur of the moment and regretted it later? Read to find out more about how to avoid budget breakers like this.

As you learned, managing your money, budgeting, and saving and investing money are aimed at the same target: helping you reach your financial goals. These goals today may be modest—things such as being able

to afford a movie every weekend, taking a skiing or rafting trip, or saving ten dollars a week. However, as you get older, you can be sure that your goals will get bigger. You may want to buy a car or a house or to continue your education. All of these things take a lot of money. That is why, when setting and monitoring, or examining, your current financial goals, it is useful to **evaluate**, or review, your spending habits.

Impulse Buying

Do you know what it means to be impulsive? One definition is "acting on feelings or emotions without thinking about consequences." When it is paired with buying, it is easy to see how the combination can ruin a carefully organized budget.

Analyzing Advertising

Advertising claim

- "Our battery lasts twice as long."
- "Detwiler Cheese—33% more flavor."



- "With regular use, Beachfront Shampoo helps control dandruff."
- "Plews Cleaner makes your sink virtually spotless."



- "You're worth it—so our new automobile is the only car for you."
- "Our cola is the official thirst quencher of the American League."



- Quarterback Sammy Sutcliffe says, "I eat Harbor Mist Cereal every morning."

Why they are misleading

These ads make **unfinished claims**: the product has "more" or is "better" but does not finish the comparison.

Often words in ads such as *help* and *virtually* draw the reader's attention away from the facts: the shampoo does not eliminate dandruff; it *helps* control it with *regular use*. These terms are called **weasel words**.

These ads are based on **snob appeal**. By purchasing the product, you are one of a select group.

The **testimonial** says that a well-known public figure uses the product or service, so you should, too.

Analyzing Charts

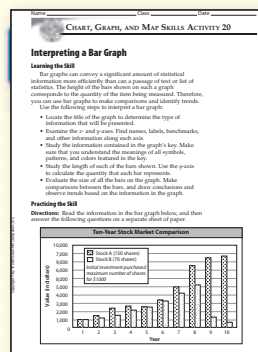
1. **Analyzing** What advertising technique uses a famous person to sell a product?
2. **Explaining** How is a testimonial meant to convince a consumer to use a product?

Interpreting a Bar Graph

- Objective:** To use a bar graph to make comparisons and identify trends
- Focus:** Students interpret a bar graph.
- Teach:** Review the directions on page 75.
- Assess:** Use the questions on page 76 to assess students' interpretation of bar graphs.
- Close:** Have students explain the use of graphs in making comparisons.

Differentiated Instruction Strategies

- BL** What information is given by the length of the bars?
- AL** Make a graph that combines the information on investments shown in the graphs on pages 75–76.
- ELL** What information is shown on the x-axis and on the y-axis of each graph?



Marketers know that many consumers buy on impulse. That is why there is such a dazzling display of inexpensive items near the checkout line at the grocery or department store. One of your greatest challenges as a careful consumer is to avoid **impulse buying**.

Danger Signals Here are signals you may be an impulse buyer:

- You buy lots of things you do not really want and do not need.
- Buying things makes you feel better.
- You are always borrowing money from friends because you have spent yours.
- You quickly lose interest in something you have bought.

Even rational consumers can fall prey to the danger of impulse buying.

Tips Here are some tips to keep your impulse buying under control and keep it from ruining your budget.

- Have a line in your spending budget for impulse items of any kind. You will then know how much you have to spend—if anything—on impulse purchases.
- Make a list of things you really need—and take the list when you shop.
- If you see something very tempting, take a break. Leave the store, walk around, and decide whether you really need the item. Better yet, go away and come back tomorrow, after thinking hard about the purchase.
- If you have decided you really do need something, comparison-shop. You may find a better price somewhere else.
- Be careful with online buying. It is easy to charge things online.
- Record all impulse purchases in the spending part of your budget. You need to know how much you are spending on impulse items so you can try to control it.

Reading Check Explaining How can impulse buying ruin your budget?

TIME Teens in Action

Fuel for Thought



Looking for a little “fuel” for thought? Jon Russell, 17, of Scarborough, Maine, might have just what you are looking for!

QUESTION: Your club is called ECOS. What does it stand for?

ANSWER: Environmental Club of Scarborough. I started the group three years ago with four friends to promote environmental awareness.

Q: How are you doing that?

A: We traveled through our school with a rolling Dumpster on Friday afternoons, collecting paper waste and bottles for recycling. With the steadily increasing price of oil, we will soon need a cheaper form of fuel. So ECOS is converting a small school bus to run on waste vegetable oil.

Q: Did you say vegetable oil?

A: Yes. At a fraction of the cost per gallon of gasoline, it's a very thrifty solution. Our nation is too dependent on oil and other nonrenewable sources of energy. I hope our biofuel bus will help others understand that change toward renewable sources of energy is both possible and economical. We'll use data collected from the biofuel bus to introduce our project to local and state governments.

We hope our work will have an impact on their lawmaking decisions.



ECOS members work on school bus

Making a Difference

CITIZENSHIP

Why does Jon believe we should use renewable energy sources?

C Critical Thinking

Determining Cause and Effect Ask: What are the effects of impulse buying on financial goals and on how buyers feel about themselves? (Answers may include that impulse buying destroys financial goals or delays reaching them. The impulse buyer loses sight of future goals. Impulse buyers may feel guilty when they realize they wasted money they had planned to save.) **AL**

R Reading Strategy

Inferring Ask: Why do you think it might be a good idea to leave the store and come back the next day when you are tempted to buy something? (Answers may include that you will lose the impulse to buy the item and will not return for it.) **OL**

Reading Check Answer: by wasting money you had planned to save

TIME Teens in Action

Answer:

He believes that we are too dependent on nonrenewable energy sources, such as oil.

Hands-On Chapter Project Step 4

Investing in Stocks

Step 4: Evaluating Stock Portfolios

Groups of students continue the investment activity they began in Section 3.

Directions Have students meet with their groups to report on the stocks they have been following. Give them time to discuss the reports. Then explain that today they will 1. Compute the value of the club's port-

folio (the current price of the stocks plus the money left after buying them); 2. Make a chart to track the portfolio's value; 3. On the chart, record the portfolio's initial value and current value.

Have students work with their club members to chart the portfolio. Tell them to continue tracking their individual stocks until the next meeting. **OL**

(Project continued on the Visual Summary page)



C Critical Thinking

Drawing Conclusions Ask: How can budgeting help reach long-term financial goals without delaying current buying? (if you include a place in your budget for impulse purchases, you can spend that money without feeling guilty or deprived, and meet your long-term goals) **OL**

Reading Check Answer: Saving to meet your long-term goals might mean having to give up what you want now; buying what you want to buy now might mean having to give up your long-term financial goals.

Assess



Study Central™ provides summaries, interactive games, and online graphic organizers to help students review content.

Close

Summarizing Have students write a paper on how advertisers tempt buyers to ignore their budgets and what buyers can do to avoid this. **OL**

Section 4 Review

Your Goals and Your Buying Decisions

Main Idea The buying decisions you make can have a major impact on your life and career choices.

Economics & You Do you have a long-term plan for meeting your financial goals? Read to find out how the decisions you make can play a key role in achieving these goals.

It is important to consider your economic goals when you make buying decisions. The kinds of buying decisions you make help reveal what kind of a decision-maker you are and how **committed**, or dedicated, you are to your goals.

Now or Later?

Suppose you work after school and on weekends to save money for a new computer. That is your long-term goal. You also

see many things that you would like to buy now. If you buy these things, you will find it harder to accomplish your long-term goal. Which option do you choose? You could buy what you want now and reduce, postpone, or even **eliminate**, or throw out, the chances of buying the computer. Or you could buy less of what you want now and increase the chances of buying the computer later. Long-term goals often conflict with short-term spending decisions.

Long-term planning becomes even more crucial the farther out you go. For example, many students need to save as well as borrow money to further their education. Statistics show that people with more post-high school education earn significantly more money over their working lives than those who complete only high school. Therefore, making the financial sacrifices necessary to continue your education is likely to pay off in a big way later.

Reading Check Explaining In what way can long-term goals conflict with short-term spending decisions?

Section 4 Review

Vocabulary

- Define** *impulse buying*. Provide an example of impulse buying.

Main Ideas

- Identify** three ways you can cut down on impulse buying.
- Explaining** Why is it important to consider your goals when making a buying decision?

Critical Thinking

- Concluding** Explain whether you think impulse buying is more common when purchasing expensive or inexpensive items.

- BIG Idea** "You should always shop until you find exactly what you are looking for at the lowest possible price." Do you agree or disagree? Explain your answer.
- Classifying** On a chart like the one below, provide two examples of short-term buying goals and two examples of long-term buying goals.

Short Term	Long Term
1.	1.
2.	2.

CITIZENSHIP Activity

- Creative Writing** Write a conversation between you and a telemarketer who is trying to sell you something you do not want or need. What does the telemarketer say? What do you say?



Study Central™ To review this section, go to glencoe.com.

Answers

- Sentences should use vocabulary word according to its definition in the section and in the Glossary.
- Ways to cut down include having a place in your budget for impulse buying, making a shopping list of things you need, and leaving the store when you are tempted to buy something on impulse.
- You might buy things you do not really want and may not save enough to meet your goals.
- Answers will vary. Some students might suggest that it is more difficult to buy expensive things on impulse.
- Student opinions will vary. Students should, however, give details to support their opinions.
- Student answers will vary but should follow the directions.
- Student scripts will vary but should indicate that students have an understanding of the persuasive tactics telemarketers use to tempt impulse buyers.

Buying Strategy

- Making consumer decisions involves deciding the following:
 - whether to spend your money
 - what you will purchase
 - how to use your purchase.
- Comparison shopping involves making comparisons among brands, sizes, and stores.

Consumerism

Consumer rights include

- the right to safety
- the right to be informed
- the right to choose
- the right to be heard
- the right to redress



Negotiation to purchase a car

Budget

- A budget is an organized plan for spending and saving money.
- What you do with the information in a budget is up to you. No one can force you to spend less and save more unless you want to.

Credit

- When buying on credit, the amount you will owe is equal to the principal plus interest.
- Financial institutions that provide credit include commercial banks, savings and loan associations, and credit unions.

Saving and Investing

- It is important to get into the habit of saving.
- Individuals have many places to invest their savings, including savings accounts and certificates of deposit.
- Shares of stock entitle the buyer to a certain part of the future profits and assets of the corporation that is selling the stock.



Entertainment spending

Department store shopping in Paris



Study anywhere, anytime! Download quizzes and flash cards to your PDA from glencoe.com.

Questioning Have students review the chapter by supplying an example or detail for every bulleted item in the visual summary. For example, call attention to the section Buying Strategy. **Ask:** *How do you make a decision on which product you will buy?* Encourage students to give examples of what to consider when making a buying decision. Continue by having students supply supporting details or examples for the remaining sections summarized on the page. **OL**

Summarizing Conclude by asking volunteers to tell what new information they learned as they read the chapter focusing on managing savings. **BL**

Hands-On Chapter Project Step 5: Wrap-Up

Investing in Stocks

Step 5: Reporting on Investments Students finish the process begun in Step 4.

Directions Have students meet with their investment-club group. Ask them to speculate on whether or not they would make any changes in the portfolio. Would they have purchased a stock another group purchased but they did not?

Have each group choose a member to report to the class on the club's investments. Explain that the presenter will show the chart made at the last meeting and then give the portfolio's current value.

Summarizing After the presentations, hold a class discussion to review the results and to see which clubs (if any) made a profit. Emphasize that they made a short-term investment. The results might be quite dif-

ferent a few months or a year from now. Finally, call on volunteers to comment on their investment-club experience and tell whether or not they plan on continuing to keep track of their club's portfolio. **OL**

Answers and Analyses

Reviewing Vocabulary

1. B Answer options B and D are both connected with the cost of credit and are expressed as percentages. However, B is specifically “the cost of credit expressed as a percentage of the amount borrowed.”

2. D The key phrase here is “credit rating.” The only answer choice that applies to a credit rating is “bankruptcy.”

3. C The phrase “amount initially deposited” points to “principal” as the only logical choice. Choice D is the only other possible answer, and it is incorrect because a “loan” earns interest for the bank, not the depositor.

4. A Answer choices A and B both apply to money that shareholders earn on their investments, but only a dividend is paid by companies at regular intervals.

Reviewing Main Ideas

5. C If students know the meanings of the terms given in the answer choices, the only possible answer is C. Students should recognize that governmental “Acts” are not buying strategies, warranties, or comparison shopping.

6. D Choices B–D are connected to choices consumers make, but only “opportunity cost” refers to a choice *not* made.

7. A Although all the answer options are related to credit card terms, students should realize that the only way to avoid interest charges is to keep a zero balance. Thus, A is the only logical answer.

8. B Answer options A and D can be eliminated because they may be results of bankruptcy but are not causes. Choice C could be a contributing factor to bankruptcy, but only for people already in debt. Thus, B is the best choice because it can cause someone to be led into bankruptcy.

TEST-TAKING TIP

Pay attention to other test questions as you read. Sometimes the information in one question contains help for another.

Reviewing Vocabulary

Directions: Choose the word(s) that best completes the sentence.

- The cost of credit expressed as a percentage of the amount borrowed is the _____.
A surplus C credit rating
B APR D interest
- A _____ remains on a person’s credit rating for at least seven years, making it almost impossible to get a loan.
A warranty C charge
B deficit D bankruptcy
- A bank adds the interest you earn to your _____, the amount you initially deposited.
A mortgage C principal
B debit card D loan
- Some companies pay shareholders a _____ at regular intervals, based on the number of shares they hold.
A dividend C time deposit
B return D bond

Reviewing Main Ideas

Directions: Choose the best answer for each question.

Section 1 (pp. 538–543)

- The Pure Food and Drug Act and the Fair Packaging and Labeling Act are examples of _____.
A smart buying strategies
B extended warranties
C protecting consumer rights
D comparison shopping

- The value of the highest alternative choice that a consumer did not make is the _____.
A time deposit
B down payment
C balance of payments
D opportunity cost

Section 2 (pp. 544–549)

- To avoid interest charges on a credit card, a consumer must _____.
A pay off the full balance each month
B make no charges at the end of the month
C pay the minimum monthly amount
D pay half the monthly balance
- Millions of people have been left in bankruptcy by the _____.
A lack of collateral
B easy availability of credit
C annual percentage rate
D high down payment requirement

Section 3 (pp. 552–558)

- Because certificates of deposit (CDs) require investors to lock up their money for a longer period of time than a regular savings account _____.
A banks rarely sell CDs
B there is no penalty for cashing them in
C CDs pay a higher rate of interest
D CDs pay lower rates of interest
- Compared to stocks and bonds, mutual funds are generally _____.
A less risky investments
B longer term investments
C higher risk investments
D shorter term investments

GO ON 

9. C Students should recognize that choices A and B are false. Logically, banks can pay more interest on money they know they can invest for a certain length of time. Thus, C is correct, because savings deposits may be withdrawn from the bank at any time.

10. A Answer choices B and D can be eliminated because the term of investment for all three investments is up to the investor. Since individual stocks and bonds may drop in value, having a collection of them spreads the risk, making mutual funds a less risky investment.

11. D Students should recognize that options A–C all describe possible consequences of being an impulse buyer.

STANDARDIZED TEST PRACTICE

Extended Response

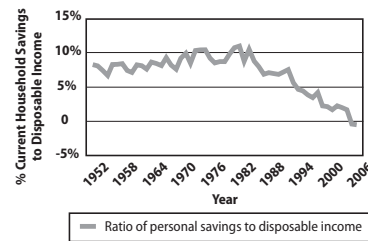
16. Students' essays will vary but should reflect current data that consumer debt continues to rise at a steady rate. Students should also have become aware that no controls are currently in place to radically alter this trend but there are some needed.

Section 4 (pp. 559–562)

- 11.** If you are an impulse buyer, you may find that
- A you quickly lose interest in things you buy.
 - B you buy things that you do not need.
 - C you buy things that make you feel better.
 - D do all of the above.

Critical Thinking

Directions: Base your answers to questions 12 and 13 on the chart below and your knowledge of Chapter 20.



Source: U.S. Department of Commerce: Bureau of Economic Analysis.

- 12.** Because savings not only benefit investors but also provide capital for businesses to grow, the chart indicates that in the future _____.
- A business will hire more people soon
 - B consumers have little money to spend
 - C business growth could slow down
 - D interest rates will begin to fall
- 13.** Which of the following economic conditions characterized the United States between 1980 and 2006?
- A Consumer credit and savings increased.
 - B Savings increased; consumer credit decreased.
 - C Consumer credit increased, savings decreased.
 - D Savings and consumer credit decreased.

Document-Based Questions

Directions: Analyze the following document and answer the short-answer questions that follow.

Bankrate.com asked economist Joel Naroff whether America's negative savings rate was a problem. The following is his reply.

To some extent we're spending way beyond our means. We're drawing down on wealth that has come from equities or, more importantly, our homes. Economists worry because we've gone through an environment where housing prices have soared, and we've spent a lot of the wealth that was generated.

The probability that over the next three years we'll see that same increase in property values is pretty low, and there's the possibility that prices will fall. What that says to economists is that the probability that we'll draw that kind of money from equity again is small. If we spend a lot of the wealth and we don't have that money going forward, consumer spending slows and the economy slows.

—Joel Naroff

- 14.** According to Naroff, where are Americans getting the money to spend that they are not earning? Why are some economists worried?
- 15.** How could spending our wealth today affect tomorrow's economy?

Extended-Response Question

- 16.** Is consumer debt still rising? At what rate? Do research to determine how fast such debt is growing and make some predictions about how it will affect the future.

STOP

Civics ONLINE

For additional test practice, use Self-Check Quizzes—
Chapter 20 on glencoe.com.

Need Extra Help?

If you missed question...	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Go to page...	547	549	555	557	540	543	548	549	556	558	560	553	553	553	553	548

Chapter 20 565

Critical Thinking

12. C The chart clearly shows a drop in the savings rate. Since that means there will be less capital available for growth, option C is correct, "business growth could slow down."

13. C Choices A and B are incorrect because savings did not increase. D is incorrect because consumer credit increased. Students should recognize that if people are saving less, they may be borrowing more through their use of credit cards.

Document-Based Questions

14. Americans are using the equity in their homes to get money to spend. Economists are worried because people have spent much of the money that increases in housing prices generated. Housing sales have historically been a good barometer of the general wealth of the economy.

15. Without a lot of wealth and money to spend, consumer spending slows, and the economy slows.

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Have students visit the Web site at glencoe.com to review Chapter 20 and take the **Self-Check Quiz**.

Need Extra Help?

Have students refer to the pages listed if they miss any of the questions.